GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:6034
ANSWERED ON:26.04.2001
NRIS ENCOURAGEMENT IN POWER SECTOR
RAGHUVIR SINGH KAUSHAL

Will the Minister of POWER be pleased to state:

(a) whether the Government have any plans to attract NRIs and encourage them to invest in India in the field of power;

(b) if so, the details thereof;

(c) whether the Government consider to follow the tactics of Japan and China in the matter of production of power; and

(d) if so, whether there is a proposal to seek collaboration with foreign countries in the field of infrastructure and other development projects in India in lieu of hiring our technical professionals to achieve socio-economic party?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA)

(a) & (b) : Under the policy to encourage greater private sector participation in the power sector announced in October, 1991, private sector units can set up thermal projects coal/lignite or gas based, hydel projects and wind/solar energy projects of any size. As per the policy, upto 100% foreign equity participation can be permitted for projects set up by foreign investors. Some of the measures taken towards implementation of the policy are as under :-

? Return of upto 16% on equity (paid up and subscribed) at normative levels of operation i.e. 68.5% Plant Load Factor (PLF) has been allowed for generating companies in the private sector. For generation beyond this level, incentive at negotiated rates subject to a ceiling of 0.7% of equity (paid up and subscribed), for each percentage point increase in PLF is allowed.

? Minimizing the role of Foreign Investment Promotion Board (FIPB) by providing foautomatic approval for foreign equity in selected categories and enlarging the provisions for automatic approval for such projects. Accordingly, projects for electric generation, transmission and distribution have been permitted foreign equity participation upto 100% on the automatic approval route without any limit.

? Minimizing the number of clearances required to be obtained for the purpose of appraisal of private power projects by the Central Electricity Authority (CEA).

? Raising the capital cost limits upto which techno-economic clearance (TEC) of CEA is not required.

? Close monitoring at various levels to expedite clearances, remove bottlenecks and resolve the last mile problems in achieving financial closure.

? Enacting the Electricity Regulatory Commission Act, 1998 which enabled setting upof the Central Electricity Regulatory Commission and the State Electricity Regulatory Commissions to fix tariffs in an objective and transparent manner.

? Delegating more powers to State Governments for environmental clearance.

? Enacting the Electricity Laws Amendment Act, 1998 to make transmission a distinctactivity to enable private sector investment in transmission.

? A policy was initiated for accelerating the pace of hydro power development in order to exploit the vast hydro electric potential at faster pace, increase private investment and promote small and mini hydel projects.

? The development of mega power projects at mine pitheads and coastal locations both in public and private sector with transmission facilities for evacuation of power to other regions has been encouraged.

(c) & (d) : The private power policy has been modified from time to time on the basis of experience gained over the years and interaction with Indian as well as foreign companies, Government agencies and financial institutions, etc. Presently, there is no separate proposal to follow the policies of Japan and China in the matter of production ofpower. While Government is in favour of collaboration with foreign countries in the field of infrastructure, this will be with the full involvement and association of our technical professionals.